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FOR IMMEDIATE RELEASE

Terry Goddard Reaches \$70 million Settlement with GlaxoSmithKline

(Phoenix, Ariz. – August 10, 2006) - Attorney General Terry Goddard today announced a \$70 million settlement with pharmaceutical giant GlaxoSmithKline (GSK) over allegations that the drug company set fraudulently inflated prices for certain GSK drugs purchased by consumers, insurers and other payers. He joined four other states and class action plaintiffs in the settlement.

Goddard filed a lawsuit against 42 pharmaceutical companies last December, alleging that drug companies, including GSK, engaged in deceptive trade practices by manipulating the Average Wholesale Price (AWP) of their prescription drugs. The AWP is used as a benchmark for almost all prescription drug sales in the United States.

"I commend GSK for being the first defendant to settle these serious allegations and for putting money back in the hands of the injured consumers and governmental entities," Goddard said.

GSK is the first drug manufacturer to settle the AWP claims. While the proposed settlement releases GSK from any further claims if approved by the court, the lawsuit against the other defendants is unaffected.

In the proposed settlement agreement, 30 percent of the \$70 million settlement will go to consumers who incurred co-payments based on AWP for a list of specific Medicare Part B covered drugs manufactured by GSK. The remaining 70 percent will go to third-party payers including health plans, HMOs and non-Medicaid Arizona state agencies and other third party payers who purchased certain GSK drugs. AHCCCS, Arizona's Medicaid agency, resolved Medicaid claims against GSK in a separate settlement.

If approved by the court, the proposed settlement will refund consumers and third-party payers, who must establish their qualifications as class members.

The settlement included physician-administered drugs used to treat many types of cancer and other serious illnesses, including Zofran and Kytril, used by patients in the course of receiving chemotherapy. Additional GSK drugs included in the settlement include Alkeran, Imitrex, Lanoxin, Myleran, Navelbine, Retrovir, Ventolin, Zovirax and Zantac.

Goddard joined Attorneys General from Connecticut, Montana, Nevada and New York in this settlement.

GlaxoSmithKline is the world's second largest pharmaceutical company. Headquartered in the United Kingdom with many operations in the United States, GSK holds an estimated 7 percent of the world's pharmaceutical market.

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